Preparing your portfolio for moves in the market.

Market fluctuations are nothing to fear: In fact, they're normal. By basing your investment decisions on good information, you can stay with the retirement savings goals and strategy you've set. Without worrying about short-term declines. Just apply these time-proven principles.

ACTION PLAN

- Clarify your investment strategy
- Choose investments to fit your strategy
- Plan to invest for the long run

Principle #1: Know your strategy.
To feel comfortable about investing, you need a strategy. Finding yours is easier than it might sound. Your investment strategy is a function of several factors, including:

- Your time horizon
- Your goals
- Your tolerance for risk

Now, the first factor is simple. Just count the years left until you plan to retire. Your primary goal is to accumulate enough savings to create the income you need in retirement. And your risk tolerance reflects your broader financial situation—your savings, your income, your debt—and how you feel about it all. Looking at the whole picture will help you determine if your strategy should be aggressive, conservative, or somewhere in between.

Principle #2: Match investments to your comfort level.
Here's that risk-tolerance thing again. As a legendary mutual fund manager once put it, "The key to stock investing isn't the brain. It's the stomach." Even if your time horizon is long enough to warrant an aggressive-growth portfolio, you need to make sure you're comfortable with the short-term ups and downs you'll encounter. If watching your plan balance fluctuate is too nerve-wracking for you, think about a portfolio that does feel right.

Principle #3: Diversify, diversify, diversify.
One way to protect yourself from market downturns is to own various types of investments, or, diversify your portfolio. By spreading your portfolio across the plan's three asset classes—stocks, bonds, and short-term investments—you can help offset the risk of any single asset class. Keep in mind, however, that diversification doesn't ensure a profit or guarantee against loss.

Principle #4: Invest for the long term.
With experience, most investors come to realize that volatility decreases over time. Holding a stock for 20 years reduces its volatility by two-thirds, compared with keeping it in your portfolio for just a year. Of course, volatility isn't necessarily a bad thing. As the chart on the next page shows, dramatic short-term changes in value can be positive or negative. And historically, time has reduced the risk of holding a diversified stock portfolio. But as a long-term investor, you want to focus on long-term trends and your long-term goals. Thinking this way can help calm the jitters caused by short-term fluctuations.

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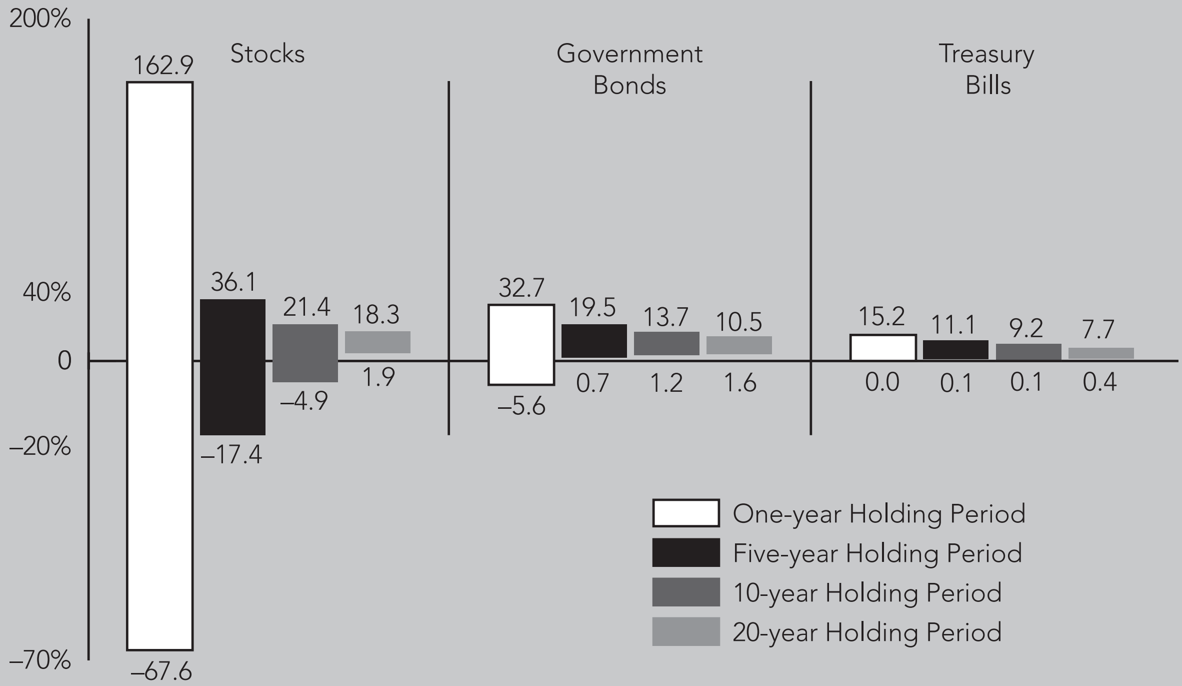
The market is much calmer in the long run.

This chart shows the span between the largest average one-, five-, 10-, and 20-year gains and losses among three key market indexes for the period 1926–2006. Historically, a long-term approach has provided a smoother ride.



Source: Ibbotson Associates, 2006. This chart is a graphical representation of the best and worst rolling 12-month, rolling five-year, 10-year, and 20-year periods for the S&P 500 Index, U.S. Intermediate Government Bond Index, and U.S. 30-day Treasury bills for the period 1926–2006.

Past performance is no guarantee of future results. The asset class (index) returns reflect the reinvestment of dividends and other earnings. This chart is for illustrative purposes only and does not represent actual or future performance of any investment option. It is not possible to invest directly in a market index.

Stocks are represented by the Standard and Poor's 500 Index (S&P 500® Index). The S&P 500® Index is a registered service mark of The McGraw-Hill Companies, Inc., and has been licensed for use by Fidelity Distributors Corporation and its affiliates. It is an unmanaged index of the common stock prices of 500 widely held U.S. stocks that includes the reinvestment of dividends.

Bonds are represented by the U.S. Intermediate Government Bond Index, which is an unmanaged index that includes the reinvestment of interest income.

Short-term instruments are represented by U.S. Treasury bills, which are backed by the full faith and credit of the U.S. government.

Inflation is represented by the Consumer Price Index, which monitors the cost of living in the United States.

Stock prices are more volatile than those of other securities. Government bonds and corporate bonds have more moderate short-term price fluctuations than stocks but provide lower potential long-term returns. U.S. Treasury bills maintain a stable value if held to maturity, but returns are only slightly above the inflation rate.

Principle #5: Don't try to time the market.
Even experts can't consistently predict the market. Yet many investors think they can guess what will happen, based on hunches or rumors. Pulling out of stocks and bonds in anticipation of a market decline is one form of market-timing behavior. So is holding off on investing until the market settles down. However, unless you know precisely when to buy or sell—and very few investors do—you can, and probably will, miss the market. That can really cost you. Most of the market's gains occur in just a few strong, but unpredictable, trading days here and there. To benefit from the market's long-term performance, you need to be in the market on those days. Which means you have to invest for the long run.

Principle #6: Do well "on average."
As a retirement savings plan participant, you invest regularly over months, years, and decades. This is consistent with a time-proven investment technique called dollar cost averaging. Each pay period, you put a set amount in each of your plan investments, regardless of how the market's doing. Over the years, your money buys more units of each investment option when prices are low, and fewer when the prices are high. In the end, you get an averaged return that could be higher than if you invested all your money at once. (See the table to the right.) More importantly, you avoid the temptation of trying to time the market.

Apply planning, patience, and focus.
Remember that retirement is a long-term goal, requiring a steady, long-term approach. You can do it. Your employer and Fidelity are committed to providing the information, tools, and support you need. For more information, visit Fidelity NetBenefits® or call your plan's toll-free number.

Dollar cost averaging
Investing a fixed amount at regular intervals is one way to deal with the inevitable dips and gains in the stock market. As this table shows, dollar cost averaging can result in a better average share price than trying to time your purchase. For more on this strategy, see Principle #6.

	share price	investment	shares purchased
January	$10	$100	10
February	$7	$100	14.3
March	$6	$100	16.7
April	$8	$100	12.5
May	$9	$100	11.1
Total	**$8 average**	**$500**	**64.6**

Dollar cost averaging does not ensure a profit or guarantee against loss in declining markets. For the strategy to be effective, you must continue to purchase shares both in market ups and market downs.

HERE'S HELP

For the **information, tools, and support** you need to create and manage your investment strategy:

- Call your plan's toll-free number
- Visit Fidelity NetBenefits®

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